

SUMITOMO RIKO GROUP

Supplier **CSR Guidelines**

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4th Edition



**SUMITOMO
RIKO**

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I. Introduction

Sumitomo Riko Company Limited and its group companies recognize that contributing to the sustainable development of society through corporate social responsibility (CSR) initiatives is an essential management issue in order for a company to achieve sustainable development.

In November 2011, we published the first edition of our "Supplier CSR Guidelines," widely declaring to all concerned parties both inside and outside the company that we will operate our business in accordance with our basic management philosophy, code of conduct, and guidelines, and we also ask our suppliers to implement CSR management.

Over the course of its history, the Sumitomo Riko Group has experienced numerous social upheavals, including wars, natural disasters, and infectious disease epidemics. Since the adoption of the Sustainable Development Goals (SDGs) in 2015, addressing global social challenges has become a critical theme, and the social responsibility expected of companies has grown increasingly important.

The Sumitomo Riko Group will celebrate its 100th anniversary in 2029. In May 2023, we established the "2029 Sumitomo Riko Group Vision," our long-term management vision for 2029. We set our desired state for 2029 as: "A leading solution provider taking on social challenges by aggregating whole resources of Sumitomo Riko and its partners."

We aim to be a group that swiftly and dynamically continues to solve challenging social issues by leveraging the Sumitomo Riko Group's people, technology, and information as a starting point, and through value co-creation via collaboration both within and outside the company. In line with these policies, we have revised the Sumitomo Riko Group Corporate Action Charter to reflect the needs of a global society.

We have revised our “Supplier CSR Guidelines” to reflect the latest “Sumitomo Riko Group Corporate Action Charter.” We kindly ask all our suppliers to continue understanding the purpose of these guidelines and to extend and implement their contents to your own suppliers. We sincerely appreciate your understanding and cooperation.

II. The Sumitomo Spirit and The Sumitomo Riko Group Management Philosophy

• The Sumitomo Spirit (Business Principles)

Article 1. Sumitomo shall achieve prosperity based on a solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo's business interests must always be in harmony with the public interest. Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

•The Sumitomo Riko Group Management Philosophy

In light of the Sumitomo Spirit, all of us at the Sumitomo Riko Group will:

1. Provide superior products and services to meet customer needs based on technological innovation.
2. Place top priority on safety and work to ensure the safety of people and society.
3. Strive to protect the global environment and to contribute to creating better communities.
4. Maintain a high standard of corporate ethics and observe all laws and regulations to earn public trust and confidence worldwide.
5. Foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality.

III. Sumitomo Riko Group Corporate Action Charter

Based on the Sumitomo Spirit, which proclaims "Banji-nissei," "Shinyo-kakujitu," and "Fusu-furi," and in accordance with its "Management Philosophy," the Sumitomo Riko Group aims to be a Global Excellent Manufacturing Company, and pursues "creation of social value" by improving corporate value and public value through high ethical standards and autonomous, responsible behavior.

To contribute to realizing the sustainable development of society in harmony with people and the Earth, we act in line with the following 10 principles.

(Commitment to Customers and Realizing a Sustainable Society)

1. We shall develop and provide socially beneficial and safe products and services through innovation that provide satisfaction to customers and earn their confidence. We shall contribute to sustainable economic growth and the resolution of social issues through such business activities.

We shall:

- 1-1. endeavor to understand customer needs and develop and provide socially beneficial products and services to contribute to the sustainable development of society and the resolution of social issues;
- 1-2. ensure the safety and quality of products and services;
- 1-3. provide customers with appropriate information on products and services; and
- 1-4. respond sincerely to inquiries from customers and reflect their perspectives in the improvement and development of products and services.

(Fair Business Practices)

2. We shall engage in fair, transparent, and free competition, as well as appropriate and responsible transactions. Based on our declaration of partnership building, we shall strive for coexistence and mutual prosperity throughout the supply chain. We shall also comply with laws and regulations, and maintain healthy and proper relationships with political and administrative bodies.

We shall:

- 2-1. comply with the antitrust laws of countries and regions and not engage in monopolistic practices, unlawful restraint of transactions (cartels), or unfair trade practices;

- 2-2. protect the intellectual property rights of the Sumitomo Riko Group and not engage in illegal acquisition or illegal use of the intellectual property of third parties nor infringe their rights;
- 2-3. implement appropriate export procedures and controls regarding exports of technologies and goods that are restricted by laws and regulations of countries and regions;
- 2-4. not provide or receive entertainment, gifts, or money to or from private business partners for the purpose of gaining or maintaining unlawful profit and/or preferential treatment;
- 2-5. not provide or receive inappropriate entertainment, gifts, or money to or from public officials;
- 2-6. promote responsible procurement that supports the development of a sustainable society under fair trading policies in line with the spirit of the Partnership Building Declaration; and
- 2-7. comply with the laws and regulations of countries and regions when making political donations or other monetary contributions and endeavor to build transparent and fair relationships with political bodies and government agencies.

(Dialogue with Stakeholders, Information Disclosure, and Information Management)

- 3. We shall proactively, effectively, and fairly disclose corporate information, engage in constructive communication with a wide range of stakeholders, and strive to "create social value" by improving our corporate value and public value. We will also thoroughly protect and manage all types of information, including personal and customer information.

We shall:

- 3-1. promote fair disclosure of information and constructive communication with shareholders and investors through general meetings of shareholders and investor relations (IR) activities;
- 3-2. strive to prevent insider trading;
- 3-3. disclose information in a timely and appropriate manner and build trusting relationships through continuous, two-way communication in order to engage in dialogue and collaboration with a wide range of stakeholders; and

- 3-4. protect personal and customer information appropriately and promote digital transformation through the utilization of data.

(Respect for Human Rights)

- 4. We shall conduct business that respects the human rights of all persons.

We shall:

- 4-1. understand and respect internationally recognized human rights and fulfill our corporate responsibilities;
- 4-2. clarify our policy on respecting human rights and express our commitment both internally and externally;
- 4-3. conduct appropriate human rights due diligence in accordance with the nature of our business and the severity of the risks of adverse human rights impacts;
- 4-4. strive to prevent any human rights violations, and in the event that they occur, we shall endeavor to rectify them promptly;
- 4-5. contribute to building an inclusive society by collaborating with diverse stakeholders and supporting socially vulnerable people who may be subject to human rights violations; and
- 4-6. not tolerate child labor or forced labor.

(Creating a Rewarding Workplace)

- 5. We shall enhance the capabilities of our employees and realize a work style that respects diversity, personality, and individuality. We shall also create a comfortable working environment that takes health and safety into consideration.

We shall:

- 5-1. establish a personnel and compensation system that enables diverse talent to work and thrive, and promote diversity, equity, and inclusion;
- 5-2. promote reform of work practices and work-life balance;
- 5-3. make no unjustified discrimination in employment and treatment of persons and provide equal opportunities;
- 5-4. prevent occupational accidents and promote health-conscious management;
- 5-5. respect the individuality and initiative of our employees and support their career development, ability development, and skill improvement;

- 5-6. engage in honest and constructive dialogue and consultation with employees directly or with employee representatives; and
- 5-7. comply with laws and regulations of countries and regions concerning wages and other benefits, working hours and holidays.

(Global Environment)

- 6. Recognizing that global environmental issues pose challenges to all humankind, and that it is an integral part of our existence and activities, we shall proactively tackle these issues.

We shall:

- 6-1. promote efforts to reduce greenhouse gas emissions throughout our supply chain in order to achieve carbon neutrality;
- 6-2. tackle to create a recycling-oriented society and realize a circular economy by promoting the cyclical and efficient use of resources;
- 6-3. comply with the laws and regulations of each country and region related to preventing pollution of the air, water, soil, etc., and will prevent environmental pollution through continuous monitoring and reduction of pollutants;
- 6-4. safely manage chemical substances that may pollute the environment;
- 6-5. ensure that products do not contain chemical substances prohibited by the laws and regulations of each country or region;
- 6-6. not use prohibited chemical substances in manufacturing processes, and regarding chemical substances that are specified by laws and regulations of countries and regions, monitor their emission volumes and report to governmental agencies; and
- 6-7. engage in nature conservancy activities, including conservation of biodiversity.

(Social Contribution)

7. We shall actively engage in community involvement activities and contribute to community development as a good corporate citizen.

We shall:

- 7-1. build an effective promotion system for social issues that should be addressed as priorities, and contribute resources and expertise to their resolution, based on our purpose and management philosophy;
- 7-2. promote collaboration with a wide range of partnerships, including NPOs/NGOs, local communities, government agencies and United Nations agencies, in order to resolve issues;
- 7-3. support employees' voluntary involvement in the community; and
- 7-4. participate in social contribution activities of the industry of which we are a part and of the business community.

(Respect for International Norms of Behavior and Good Relations with the Community)

8. In line with the globalization of business activities, we shall comply with laws and regulations of the countries and regions where our business operations are based and respect human rights and other international norms of behavior. We shall also conduct business by taking into consideration the local culture and customs as well as the interests of stakeholders, and contribute toward the development of the local economy and society.

We shall:

- 8-1. respect international norms of various kinds, including human rights, in addition to ensuring compliance with the Sumitomo Riko Group Action Charter and laws and regulations of the countries and regions where we operate;
- 8-2. respect the cultures, religions, traditions and customs of the countries and regions where we operate, and always promote business activities based on mutual trust with stakeholders;
- 8-3. promote localization of management and improvement of the working environment attuned to the circumstances of the countries and regions; and

- 8-4. take an interest in the CSR initiatives of suppliers in the countries and regions where we operate and provide support to them for improvement, as necessary.

(Risk Management and Crisis Management)

9. We shall assess risks that may arise in the future and develop measures to prevent their materialization, and if they do materialize, we shall endeavor to minimize the damage.

We shall conduct thorough and organized crisis management in the face of actions caused by natural disasters, cyber attacks, terrorism, antisocial forces and other crises that pose a threat to civil society and corporate activity.

We shall:

- 9-1. establish a company-wide management system, including a system for identifying, analyzing, and preventing risks related to the business activities of the entire group, as well as crisis management;
- 9-2. monitor and evaluate activities to prevent risks and minimize damage;
- 9-3. establish a solo crisis response headquarters in times of emergency and address crises that pose a threat to business activities of the entire Sumitomo Riko Group;
- 9-4. establish clear basic policies and systems within the Group to drive out antisocial forces and organizations by working with organizations concerned;
- 9-5. engage in crisis management and countermeasures against terrorist threats;
- 9-6. strive to ensure cybersecurity;
- 9-7. establish a system to prepare for and respond to disasters; and
- 9-8. engage in ensuring economic security.

(Initiative of Top Management and Implementation of this Charter)

10. Top management shall manage their business with the understanding that it is their role to realize the spirit of this Charter, establish effective governance, and ensure that it is thoroughly disseminated within the company and throughout the Group, and shall encourage their supply chain

to act in accordance with the spirit of this Charter. They shall also constantly listen to voices both inside and outside the company, establish internal systems, and promote sustainability management.

If an incident occurs that violates the spirit of this Charter and causes us to lose the trust of society, top management shall take the lead in resolving the problem, identifying the cause, and working to prevent recurrence, thereby fulfilling their responsibilities.

- 10-1. Top management shall fully exercise leadership in order to establish a governance structure to ensure the soundness, efficiency, transparency and effectiveness of corporate management, clarify the management philosophy and the code of conduct, ensure adherence to the same throughout the Sumitomo Riko Group, and promote CSR.
- 10-2. Top management shall express the management philosophy and their commitment to realizing a sustainable society as the spirit of this Charter and disclose information on concrete activities.
- 10-3. We shall establish Group-wide systems for implementation of compliance with corporate ethics.
- 10-4. We shall ensure that corporate ethics are observed and sustainability management is promoted throughout the Sumitomo Riko Group. In addition, we shall also encourage companies in the supply chain to act in accordance with the spirit of this Charter.
- 10-5. We shall maintain the corporate ethics helpline (point of contact for consultation), which is independent of the usual chain of command, and utilize it to improve business conduct.
- 10-6. We shall implement education and training concerning observation of corporate ethics and promotion of sustainability management and increase their effectiveness.
- 10-7. We shall check and evaluate the impact of initiatives concerning the Sumitomo Riko Group Action Charter and the extent to which its principles are inculcated.
- 10-8. Top management shall always adopt a risk management perspective and design internal systems for prevention of emergencies.
- 10-9. In the event of an emergency, top management shall take command and promptly investigate the facts and determine the cause, formulate appropriate response policies and measures in a responsible manner as a

company, and strive to prevent recurrence. Top management shall promptly and accurately disclose information and fulfill their accountability to society, clarify authority and responsibilities, and take appropriate and strict disciplinary action against those involved, including themselves.

IV. Basic Attitude toward Procurement Activities

Based on the understanding that fulfilling one's Corporate Social Responsibility (CSR) is a prerequisite for a company to survive, we emphasize to our employees that "compliance with the law takes priority over profits".

As part of such policies, we are making efforts to spread compliance awareness among all employees of the Sumitomo Riko Group companies by distributing brochures entitled "Sumitomo Riko Group Global Compliance Conduct Guidelines", as well as by organizing internal workshops.

In this setting, we can ensure that our procurement activities are conducted in a fair and transparent manner in all aspects of our transactions, above and beyond "compliance." As fundamental policies in procurement activities, we have set Sumitomo Riko's basic policy on transactions and our code of conduct as outlined below. If our employees behave in any way which conflicts with the code, we will take firm action.

1. Basic policy on transactions

We consider Sumitomo Riko Group and its suppliers to be partners on an equal footing, and therefore we ensure that all transactions are conducted in a fair and transparent manner and that promises and contracts are always respected.

2. Code of conduct

- 1) The selection of suppliers shall be implemented in accordance with guidelines related to procurement. (We shall never decide and support a specific supplier due to personal reasons.)
- 2) All determinations on terms and conditions of transaction and releases of information to suppliers shall be made in a fair manner.
- 3) Sumitomo Riko Group shall pay significant attention to the management of confidential information regarding suppliers and shall not use such information for any purposes other than procurement activities.
- 4) Sumitomo Riko Group shall not accept from its suppliers, nor ask a supplier for, any remuneration such as a gift or entertainment that exceeds the

scope of social norms.

3. Reaction to violations

If our employees violate the terms outlined above, we shall take firm action as specified in employment regulations.

V. Sumitomo Riko's Requests to Suppliers

1. Delivery of the highest quality products and services

The Sumitomo Riko Group aims to provide products and services that are useful and safe for everyday life and that satisfy our customers in all aspects, including quality and cost. We would like to ask our business partners to understand this purpose and do the same.

We also respond sincerely to customer inquiries and opinions, and will reflect these opinions in the improvement and development of our products and services, so we appreciate your cooperation.

2. Enhancing technological level

Sumitomo Riko Group carries out ongoing monitoring of customers' needs, and demonstrates its creativity in an effort to develop original new products and solutions. To this end, we ask our suppliers of products and services to continuously improve technological standards, develop new technologies and materials, and persistently apply VE / VA and to submit proposals for solutions.

*VE / VA (Value Engineering / Value Analysis): analysis of a project in order to optimize costs before / after the start of production.

3. Promoting healthy management

We aim to continue doing business with business partners who conduct sound business management, and to build relationships of mutual cooperation and trust. Accordingly, we ask that our business partners appropriately disclose information about their management policies and business status (including financial status, environmental conservation, labor, safety and health, etc.). We also ask that all business documents be prepared accurately and in a timely manner, and that a system be established that does not tolerate falsification or false reporting of company records.

4. Caring for the environment

We believe that engaging in environmental issues is the common responsibility of mankind and is a necessary element in the existence and activity of the company. We require that our suppliers demonstrate deep understanding of this

matter and expect them to promote spontaneous and proactive measures to protect the environment with a view to nature, as well as to comply with Sumitomo Riko Group Green Procurement Standards for supplies.

Specifically, we would like to ask our suppliers to comply with the following:

- Implement measures to combat global warming, building a recycling-oriented economy and society, working to regulate deforestation, and promoting nature conservation activities, including biodiversity conservation.
- Comply with national and regional laws and regulations regarding the prevention of air, water, and soil pollution, and strive to prevent environmental pollution by continuously monitoring and reducing pollutants.
- Comply with laws and regulations regarding chemical substances banned for use in each country and region.

5. Compliance with regulations and social norms, fair and appropriate activity of the company

We ask that our business partners comply with the relevant laws and regulations of each country and region in which they conduct business (such as antitrust laws, subcontracting laws, foreign exchange laws, personal information protection laws, copyright laws, prevention of intellectual property infringement, and export controls), as well as social norms. We also ask that our business partners introduce and promote compliance systems that prevent coercion, bribery, and conflicts of interest in their transactions, and establish internal reporting systems that allow reporting without fear of retaliation.

6. Contribution to society and eliminating antisocial forces

Striving for a better society, we ask our business partners to respect the culture and customs of their country or region, and to promote active contribution to the economic and social development of those areas. Furthermore, we believe that we must strongly oppose any forces and organizations posing a threat to safety or public and civil order. We ask our business partners to understand this issue and respond in the same way.

7. Caring for human rights, health and safety at work

We ask our suppliers to respect fundamental human rights in their activities and to create a healthy and active work environment based on the principle "Safety

First". Suppliers are requested to create a work environment that does not tolerate forced labor, inhumane treatment, child labor, discrimination [*1], or illegal employment of foreign workers, and that does not tolerate harassment or other forms of abuse.

Furthermore, suppliers shall comply with the laws and regulations of the countries and regions in which they operate with regard to employee employment conditions, including wages and working conditions, and safety and health standards, and shall implement equal employment management and fair treatment.

Suppliers shall also respect employees' freedom of association and right to collective bargaining, and strive to create a work environment that encourages honest dialogue and consultation with employees directly or with employee representatives.

Regarding the procurement of resources and raw materials, we ask that our suppliers conduct procurement activities taking into consideration the impact on society of using raw materials that may cause social issues such as human rights, labor, and the environment (e.g., conflict minerals, etc. [*2]), and take measures to avoid using them if there are any concerns.

[*1] Discrimination based on race, ethnicity, place of origin, family origin, religious beliefs, age, sex, gender identity, sexual orientation, disability, or other characteristics protected by law.

[*2] Minerals (tantalum, tin, gold, tungsten, etc.) produced in conflict zones, particularly the Democratic Republic of the Congo and its neighboring countries, that fund the activities of armed groups in those regions. (= Conflict Minerals)

8. Promoting Health and Productivity Management

"Health and Productivity Management" refers to strategically implementing employee health management from a management perspective. In addition to traditional health management (regular health checkups, stress checks, and disease prevention, including legal requirements such as compliance with labor laws), working to maintain and improve employee health is expected to improve productivity, revitalize the organization, and enhance corporate value. We ask our business partners to also promote health and productivity

management.

9. Information disclosure and promoting public dialogue

We ask suppliers to submit in a timely and appropriate manner any information useful for stakeholders concerning management, finance, environmental protection or contribution to the society, and to promote public dialogue.

10. Maintaining confidentiality and data protection

We request that suppliers implement proper management and respect the confidentiality of data obtained in the course of transactions with Sumitomo Riko Group and we ask them not to disclose such data without our permission. We also ask that our suppliers take defensive measures against threats to their computer network and manage such information appropriately to prevent damage to their company or other companies.

11. Risk Management

We ask for suppliers' cooperation with the Sumitomo Riko Group's risk management initiatives. In the event of an unforeseen incident, we ask that they prioritize the safety of the local community and their employees. In addition, we ask that our suppliers take advance disaster prevention measures, such as formulating a business continuity plan (BCP), to enable a swift response in the event of an emergency.

12. Extending and promoting CSR values among your business partners

We ask that our suppliers also share their CSR policies and guidelines with their business partners based on the above aims, and through educational activities, work to disseminate and spread CSR initiatives throughout their supply chain.



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